



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

450 N Street
Sacramento
California 95814

JOHN CHIANG
Member, BOE

TIMOTHY W. BOYER
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FOR IMMEDIATE RELEASE

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**NEW LAW DESIGNED TO CURTAIL
CIGARETTE AND TOBACCO PRODUCTS TAX EVASION HAS TEETH**

John Chiang, Member, State Board of Equalization (BOE) announced today that the BOE is working to educate the public about newly enacted legislation designed to stop illegal sales and distributions of untaxed cigarettes and tobacco products in California. In October 2003, Assembly Bill 71 was enacted and established the Cigarette and Tobacco Products Licensing Act of 2003. The Act provides that retailers, wholesalers, and distributors cannot sell cigarettes or tobacco products in California unless they are licensed by the BOE. Failure to comply with all the requirements of the Act can lead to penalties and even criminal prosecution.

The BOE estimates that California loses more than \$238 million each year in unpaid cigarette taxes. This represents a significant revenue loss for the state.

Chiang stated, "Retailers should be aware that it is illegal to buy cigarettes from anyone who is not licensed with the BOE. Consumers should know that retail outlets are required to display a cigarette and tobacco products retailer license from the BOE in their place of business. Retailers must apply for their license by April 15, 2004, and display that license by June 30, 2004."

Another item of interest is that retailers of cigarettes and tobacco products must operate from a fixed location in order to obtain a license. Businesses operating from catering trucks, lunch wagons or other mobile facilities do not qualify for a license and cannot sell cigarettes or tobacco products.

The BOE has notified approximately 700,000 permit holders about the requirements of the Act through newsletters and mail inserts. Of those 700,000, it is anticipated that approximately 85,000 retailer locations will be required to obtain a license.

If you have questions regarding AB71, you should visit the BOE website at www.boe.ca.gov or contact our Information Center at 1-800-400-7115, Monday through Friday, 8:00 a.m. to 5:00 p.m., Pacific Standard Time.

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